GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:495
ANSWERED ON:23.02.2001
CAPITAL INVESTMENT FOR BANKS
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Will the Minister of FINANCE be pleased to state:

(a) whether fresh capital to the tune of Rs.10 to 13 million dollar is required to meet the heavy losses suffered by scheduled commercial banks of the country under the head of non-performing assets;

(b) if so, the details of those banks; and

(c) the steps taken by the Government to improve the condition of these banks ?

Answer

THE MINISTER OF STATE IN THE MINISTERY OF FINANCE (SHRI BALA SAHEB VIKHE PATIL)

(a)&(b): Reserve Bank of India (RBI) has reported that the gross non-performing assets (NPAs) of the scheduled commercial banks was Rs.60,841 crores as at the end of March 2000. Out of these the NPAs of the 27 Public Sector Banks were Rs.53,294 crores.The banks make provisions towards NPAs as per the guidelines issued by RBI and, after making such provisions, 26 out of the 27 public sector banks (except Indian Bank) have been able to achieve the minimum level of Capital to Risk weighted Assets Ratio (CRAR) as on 31st March, 2000.

(c): Government of India and RBI have advised banks to take several steps for recovery of bank dues such as evolving and implementation of recovery policy by banks, filing of suits with civil courts, filing cases with Debt Recovery Tribunals, compromise settlement through Settlement Advisory Committees and monitoring and follow up of non-performing accounts at various levels in the bank. Recently, RBI vide its circular dated 27th July, 2000 has framed non-discretionary and non-discriminatory guidelines for settlement of NPAs upto Rs.5 crore and advised banks to evolve their own policy for loan outstandings of above Rs.5 crore.Effective action by banks for rehabilitation, one-time settlement or filing of suits in all necessary cases by 31.3.2001 has to be ensured by the chief executives.